



## INSURANCE FRAUD INVESTIGATION DIVISION

### Kentucky Office of Insurance

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### *Fraud Statistics/Charges and Convictions Activity February 2008*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	75	143
Open Cases (Investigations-includes prior years)		307
Assigned Cases (Investigations).....	99	106
Closed Cases (Investigations).....	5	6
Closed Cases (Investigations) Exceptionally Cleared-Declined by Prosecutor.....	0	1
Charges (93 felonies).....	93	113
Convictions (2 felonies, 1 misdemeanor).....	3	18
Restitution Ordered.....	\$ 00.00	\$ 4,508.32

### *Charges and Convictions Activity*

**Ronda J. Hall** - On 8/3/06, Hall committed the offense of fraudulent insurance acts over \$300.00 when she knowingly and with intent to defraud or deceive, presented or caused to be presented, a false oral statement pursuant to a workers' compensation claim for her husband, Rocky Hall. Specifically, Hall appeared before an Administrative Law Judge of the Department of Workers' Claims and testified under oath that her husband had not worked since 1/11/06, when in fact he had, which would have resulted in her husband receiving additional benefits totaling \$995.76 for which he was not entitled. On 2/14/08, Hall was charged with one felony count of fraudulent insurance acts in Pike District Court and pled guilty to the amended misdemeanor charge of fraudulent insurance acts. She was sentenced to 12 months probated under supervision, ordered to pay a fine in the amount of \$500 (\$1000 with \$500 suspended) to the Fraud Division for investigative expenses, and pay court costs in the amount of \$145.00. All monies have been paid in full.

**Richard D. Justice** - Justice was arrested in 2/2007 and charged with 19 felonies and one misdemeanor including insurance fraud, theft, violations of the Kentucky Funeral Trust Act, and acting as a funeral director without a license. Continuing investigation by the Fraud Division uncovered more victims, resulting in Justice being indicted on three additional felony counts on 1/30/08 in Pike Circuit Court. Under the new charges, Justice allegedly collected funds for prepaid funeral agreements and failed to create and place the funds in a trust, as is required by law. He also is charged with collecting money for a headstone and failing to make the purchase or crediting the appropriate trust, which brings the total amount of monies Justice has pocketed to at least \$84,000 from senior citizens. A jury trial is set for 3/10/08 in Pike Circuit Court on 22 felony counts and one misdemeanor.

**Ray Kennedy** – On or between 8/06 and 9/06, Kennedy, a licensed agent, submitted 114 fraudulent applications for disability insurance while employed as an agent for AFLAC. The applications were submitted in the names of two legitimate businesses but contained forged signatures which resulted in Kennedy receiving approximately \$14,036.01 in commissions for which he was not entitled. On 10/2/07, Kennedy was charged with one felony count of Fraudulent Insurance Acts, one count of Theft by Deception, and two felony counts of Theft of Identity in Daviess Circuit Court. On 11/27/07, he pled guilty to one felony count of fraudulent insurance acts and one felony count of Theft by Deception of Property. The remaining two counts of Theft of Identity were dismissed. He was sentenced to three years on each count diverted for two years, ordered to pay a fine in the amount of \$1,237.50 to the Fraud Division for investigative expenses, and pay a fine of \$1,000.00.

**Gail R. Kubovchik** – From 12/2005 through 2/2007, Kubovchik fraudulently applied for a number of insurance policies on railroad cars that did not exist, and then obtained multiple premium finance loans to pay for the policies. She would use the first loan to pay the premiums on the policies and then use the proceeds from subsequent loans for her own personal use. She was not a licensed agent in Kentucky and therefore was not authorized to conduct insurance business. On 10/31/07, Kubovchik was charged with three felony counts of Mail Fraud in U.S. District Court, Western District of Kentucky.

**David E. Taylor** – On or about 10/27/05, Taylor presented a fake insurance identification card to Jefferson District Court following a traffic citation. On 1/18/08, Taylor was charged with one felony count of fraudulent insurance acts in Jefferson District Court.

**David C. Thomas** – Thomas, doing business as North American Financial Services Inc., sold homeowners insurance to Kentucky residents that were allegedly covered by Lloyds of London (Lloyds). However, no such policies were ever purchased and Thomas was not authorized to conduct insurance business for Lloyds. The majority of the homeowners insurance policies sold by Thomas were prior to his being licensed to sell property insurance. On 2/7/08, Thomas was indicted on 85 felony counts of Mail Fraud in U.S. District Court, Eastern District of Kentucky, Southern Division of London, and appeared for arraignment on 2/26/08. A trial date is pending.